

City of Ontario
Single Audit Report for Year Ended June 30, 2008
Summary Schedule of Audit Findings and
Corrective Action Plan

Prior Year Audit Findings:

- Finding 07-01: The City has an investment in a joint venture with the Chino Basin Desalter Authority (CDA) to manage groundwater resources in the Chino Basin. This investment is recorded on the City's general ledger using the equity method of accounting. After consulting with the City's Assistant Utilities Director, it was confirmed that the contribution percentage for the City of Ontario in the CDA is 20.33% and the previously used percentage contribution of 7.90% was calculated without the inclusion of the City's share of the \$43 million capital investment in the Chino Basin Desalter No. 2 Expansion.
- Response & Corrective Action Plan: Restatement of the City's opening fund balance and increased in the City's investment in the Chino Basin Desalter Authority (CDA) at July 1, 2006 by \$9,663,962.

Current Year Audit Findings:

- Finding 08-01: In prior fiscal years, the City received impact fees from developers to alleviate the impact of future developments. These impact fees were recorded as revenue as the amounts were collected instead of being recorded as deposits and recognized as revenue when the developments occur. As certain future developments did not materialize, the City had to refund some of these fees resulting in a restatement of its beginning fund balance and its beginning net assets of \$6,913,052.
- Response & Corrective Action Plan: Future impact fees will be recorded as deposits when collected and recognized as revenue when development occurs.

CAP
4/1/09